

MISSOURI STATE BOARD OF ACCOUNTANCY

Winter Edition 2022



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Upcoming Meetings

May 4, 2022
*See Board website for location and
any updates to meeting dates*

EXECUTIVE DIRECTOR MESSAGE

A new year has arrived as hard as that is to believe, and the Board has continued operations with little to no impact as a result of the pandemic.

As we interact with CPAs and firms on a daily basis, we find there are common misunderstandings on a few topics. With this newsletter, we focus on those topics we routinely discuss with licensees and firms. We hope this newsletter brings clarification to some of those issues.

Take care, be safe and as always, please contact our office if you have questions or concerns.

Patty Faenger
Executive Director



Patty Faenger
Executive Director



MISSOURI LICENSE TYPES

CPA Certificate

Prior to August 28, 2001, Missouri issued CPA certificates. After this date, Missouri no longer issued CPA certificates.

If you are a CPA who has a certificate, this entitles you to use the CPA credential BUT not practice public accounting. This is a lifetime certificate and does not require renewal. There are no continuing education requirements if you hold a certificate only.

CPA-Active License

An active CPA license requires an individual to meet the educational requirements, pass the CPA exam, meet the experience requirement and successfully pass the ethics exam. The details of these requirements are outlined

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CPE AUDIT - ARE YOU READY?

What is a CPE audit?

The CPE audit ensures that CPAs are complying with the continuing professional education rules. This in turn protects both the profession and the public it serves.

How are CPAs chosen for the CPE audit?

Each year a percentage of our renewing CPAs are selected at random. CPAs selected for a CPE audit receive a letter and email from the Board notifying them that they have been chosen.

What should I submit to the Board?

If you are notified you are under audit, you will need to provide certificates of completion for each CPE course through a NASBA registered provider or a State Society. If you have taken non-NASBA sponsored courses, you must submit all of the documentation outlined in the Board's rules for review. The CPE must be taken during the audit period. The audit period under review will be specified in your notice.

Note – Audit periods are January through December of a designated year. Typical audit periods will be the previous two completed years, however, CPAs are required to maintain their CPE records for the last five calendar years in the event additional years require audit.

Effective January 2020, a grace period was allowed. The grace period is 60 days following the reporting year. This period gives CPAs an extra 60 days to complete their CPE hours.

What are some common errors to avoid?

The most efficient way to comply with a CPE audit is by providing the correct documentation in a timely manner. But, we realize mistakes do happen. Here are some common errors to watch for:

- Reporting undocumented hours
- Reporting CPE in the wrong year



- Failing to retain appropriate documentation
- Submitting documentation that does not meet the Board's requirements (i.e. certificates of completion, sign-in sheets, agendas, etc.)

What if CPE hours submitted for audit are disallowed?

If, during the audit, the Board determines CPE hours do not qualify, the Board staff will notify you, in writing, of the CPE hours that will be disallowed. At this point, you will be given an opportunity to "cure" the shortage of CPE hours due to the disallowed hours within 30 days.

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THE DOS AND DON'TS OF IN-HOUSE CPE

If a firm holds in-house CPE for employees, it is important to make sure the firm's training meets the Board's CPE rules.

Under the rules, CPE from any non-registered NASBA program must contain the following documentation:

- Program materials;
- Agenda with dates, times, and locations;
- Sign-in sheets / records of attendance;
- Number of CPE credits earned by participants;
- Name, contact information, and qualifications of the program developer;
- Name, contact information, and qualifications of the program reviewer; and
- Results of program evaluations.

If you wish to provide in-house CPE training, it is highly recommended that you go through NASBA and obtain approval and a NASBA provider number.

COMMON ERRORS

Found in CPE Hours Submitted from In-House Program



Using a NASBA approved program that was purchased and intended for one individual only and then sharing it with others/watching it as a group and calling it in-house CPE. To avoid this problem, you can purchase these from the provider as a group program and follow the provider's instructions to get individual certificates for each individual who attended.



Using staff training/office procedure reviews as CPE.



Rounding up your CPE hours.



Including breaks and lunches in your calculated CPE hours. Be sure to denote all breaks and lunches on your agenda.



RECIPROCITY – WHEN DO I NEED A MISSOURI CPA LICENSE?

There is often confusion about who needs a Missouri CPA license.

Do you have a CPA firm in Missouri or are you employed by a CPA firm in Missouri? Do you live in Missouri and use the CPA designation in any fashion?

If you answered yes to any of these questions, then you need to ensure that you and/or your employees are licensed in Missouri.

Time and time again, the Board reviews issues regarding

individuals that have moved to Missouri or who have begun work in Missouri and have failed to apply for licensure.

With changes to Missouri law effective 2020, applying for a license via reciprocity has been streamlined. If you had an active license in another state for at least 12 months and you have no pending complaints/investigations, you are eligible to apply for a license in Missouri by reciprocity. If you do not qualify for reciprocity through this method, please contact the Board office as there may be alternatives for you.

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FIRM PERMITS – THINGS TO KNOW

Over the years, the Board has reviewed complaints involving firms that are not properly permitted to practice; using firm names that do not comply with the Board's statutes and rules, or; have ownership structures that do not comply with Missouri law.

When do I need to obtain a firm permit?

A firm permit must be obtained before your firm can begin to advertise or practice in Missouri.

Entities with offices located inside the State of Missouri such as LLCs, LLPs, PCs, or General Partnerships must apply for a firm permit with the Board in order to use the CPA designation in the firm's name regardless of the type of services offered or performed. This includes single-member LLCs.

If the entity is operating as a sole proprietor (e.g. John Smith, CPA), it is not required to obtain a firm permit unless it performs or offers to perform audits, reviews, compilations or SSARS 21-Section 70 engagements.

Do I have to register my firm's fictitious/DBA name?

If you wish to operate under a name other than the legal name of the firm that has been approved by the Board, you must notify the Board in writing and also register that fictitious name with the Missouri Secretary of State's office.

I've changed my firm. What do I need to do?

Under the Board's rules, certain changes require a new firm permit to be issued, which requires a new initial firm permit application and payment to be submitted for Board approval.

Under Board Rule 20 CSR 2010-2.051 - The change of majority ownership, form of organization (i.e. PC, LLC, LLP, etc.), or name or title of the firm, require the issuance of a new firm permit in order to practice in Missouri.

Troubles figuring out a firm name?

If you are thinking about starting a firm and are having issues deciding on a firm name, keep in mind that the Board's statutes and rules do have some restrictions:

- The name of the firm cannot be misleading as to the legal form of the firm.
- The name of the firm cannot include words or phrases that are quantitative or qualitative such as: "biggest", "best", "finest", "cheapest", etc.
- The firm name of a sole proprietorship or sole practitioner cannot include the words "and Associates", "Company", "and Company", or any designation that implies multiple or corporate ownership.

BOARD NOTIFICATIONS: *WHAT TO REPORT AND WHEN*

I've been sanctioned – What do I do now?

If you or your firm receive disciplinary or enforcement action from any jurisdiction outside of Missouri, please remember to notify the Board in writing within 30 days. Reference 326.286 RSMo and 326.289 RSMo.

Types of discipline to report:

- Denial of a certificate, license, or permit by another state board
- Discipline including censure, probation, suspension, or revocation by another state board
- Enforcement action taken by any federal agency (i.e. PCAOB, SEC, etc.)

I've already reported the discipline, do I need to also include it on my renewal?

Even if you previously reported a disciplinary or enforcement action to the Board, be sure to include it on the renewal application where asked.

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MISSOURI LICENSE TYPES

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in Board statute and rule. Once issued an active license, an individual may hold themselves out as a CPA and practice public accountancy. With an active license, you must renew biennially, and you must obtain continuing education (40 hours of CPE annually, of which, 2 must be in ethics). If you retire but continue to hold an active CPA license, you must still meet the required continuing education. To retire your license, you must notify the Board office so your license status can be changed to retired. You may also change your status to inactive if you are not planning to practice public accountancy. In this case, no CPE is required.

CPA-Inactive License

With an inactive license, the individual may not practice public accountancy in Missouri. If using the CPA credential, it must be noted as “CPA Inactive”. With an inactive license, a biennial renewal is required. In addition, an individual may apply for reinstatement of an active license from inactive status.

Firm Permit

A permit is required for CPA firms. Permits must be renewed on an annually.

If you have questions about the different types of licenses and how a particular status may affect you or your situation, please don't hesitate to contact our office.



DO WE HAVE YOUR EMAIL ADDRESS?

When you provide the Board with your email address, it allows us to provide you with better, more timely communications.

We use email to send out newsletters, notify you of rule or fee changes, and remind you of upcoming deadlines for license and firm permit renewals.

Your email address is not a public record and the Board does not share it with other organizations.

CPAs can update their email address using the Address Change link on the Board's website, <https://pr.mo.gov/accountancy-coa.asp> or by submitting a request by email or mail to the Board.

CPA Exam Performance Summary: 2021 Q-3

Missouri

Overall Performance

Unique Candidates	396
New Candidates	113
Total Sections	550
Passing 4th Section	93
Sections / Candidates	1.39
Pass Rate	62.18%
Average Score	75.25

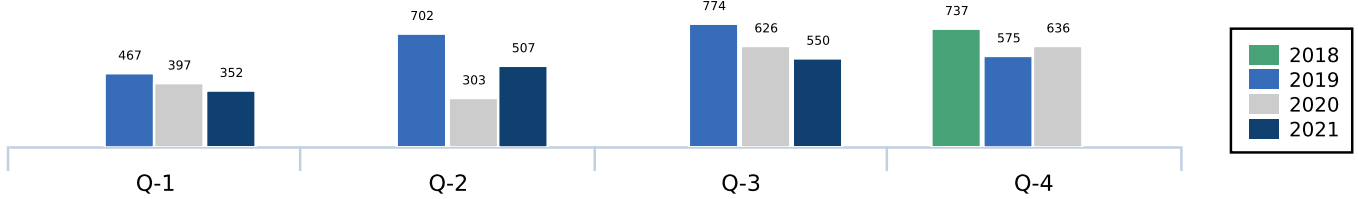
Section Performance

	Sections	Score	% Pass
First-Time	229	76.82	66.38%
Re-Exam	319	74.34	59.56%
AUD	148	74.47	60.81%
BEC	111	81.46	79.28%
FAR	178	71.65	51.69%
REG	113	75.84	63.72%

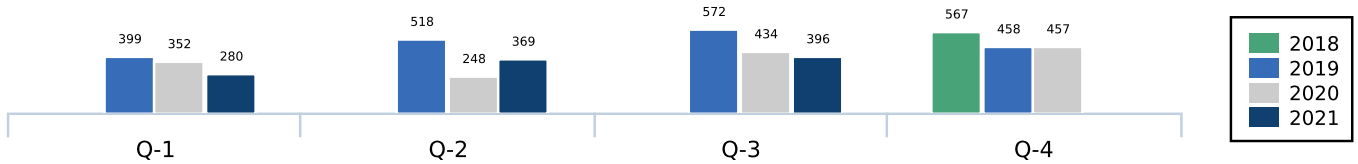
Jurisdiction Ranking

Candidates	Sections
27	25
Pass Rate	Avg Score
4	4

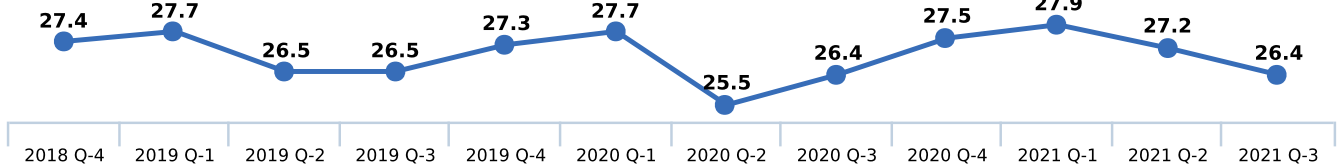
Sections



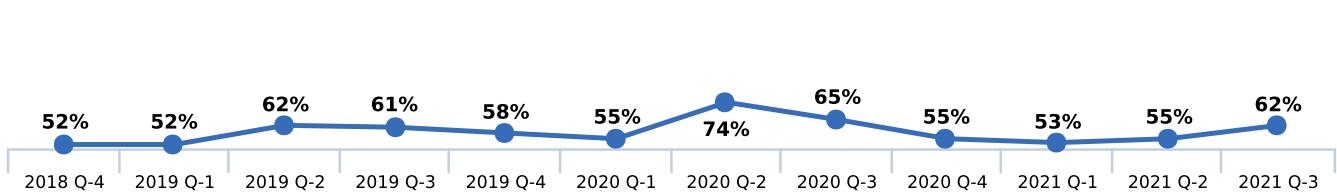
Candidates



Average Age



% Pass



CPA Exam Performance Summary: 2021 Q-3

Missouri

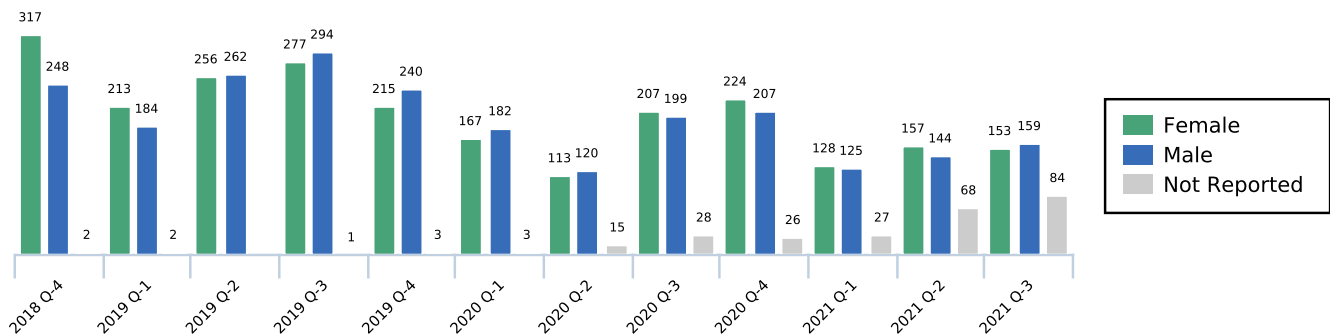
Degree Type

	Candidates	% Total
Bachelor's Degree	247	62.4%
Advanced Degree	135	34.1%
Enrolled / Other	14	3.5%

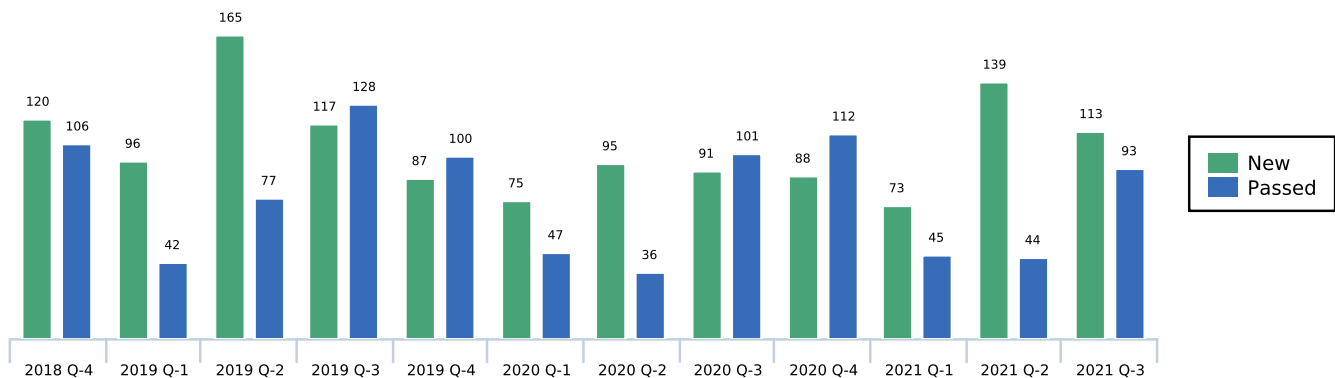
Residency

	Candidates	% Total
In-State Address	334	84.34%
Out-of-State Address	61	15.4%
Foreign Address	1	0.25%

Gender



New Candidates vs Candidates Passing 4th Section



Notes:

1. The data used to develop this report was pulled from NASBA's Gateway System, which houses the Uniform CPA Examination's Application and Performance information for all 55 jurisdictions.
 2. The demographic data related to age, gender, and degree type is provided by the individual candidates and may not be 100% accurate.
 3. Some jurisdictions do not require candidates to report certain demographic data nor complete surveys gathering such data on a voluntary basis.
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